Health Insurance Advisory Council

February 20, 2007

5 – 6:30 PM – DBR Hearing Room

Minutes

Attendance:

Members: Annemarie Monks, Peter Quattromanni, , Craig O'Connor, Bill Martin, Denise Lynn, Dawn Wardyga, Hub Brennan, MD Rick Brooks and Chris Koller (Co-Chairs)

Health Plans: Tom Boyd

OHIC Staff: Joe Torti, Jack Broccoli, Patricia Huschle, Adrienne Evans, John Cogan

Not in Attendance:Serena Sposato, , Elizabeth Walsh, Patrick Quinn, Bill Schmiedesknischt, Ed Quinlan, Domenic Delmonico, Howard Dulude,

1. Introductions

· Members of the Council and public attendees introduced themselves

2. Updates

· January 16, 2007, Minutes

1. Approved with one change – Topic four – Transparency discussion. Change "B. Martin did not understand the" to "B. Martin did not agree with the".

· Pending Direct Pay Hearing

· Ruling from OHIC is imminent.

· Small Group Market Conduct Exam

· Final orders are to be sent to Health Plans in next couple days. They will have 30-day quiet period before they become public.

· Extraordinary Dividend

· As a follow up to the conversation last month. United Health Care of New England has filed for an extraordinary dividend of $36.8 million dollars. OHIC's handling of this will guided by the statute regarding "Form D filings" (agreements between related entities), and Regulation Two ("OHIC Purposes Regulation). Mr. Koller would like to collect public comments on this and get counsel from the Council.

· After some discussion, it was agreed that the meeting on March 20 will focus just on this topic. OHIC will do a public notice and invite public comment. The last 20 minutes of the meeting will be held for Council discussion. The Commissioner will use this input as part of his subsequent decision on the request, to be issued within two weeks after the meeting.

3. Issue:

· Trends in Uninsurance in Rhode Island

Patrick Tigue, a Brown University Master's student presented the findings of a study he has done for the Office, looking at existing surveys of the uninsured population in RI. The report was shared with the Council. Among the findings:

1. Steady erosion in employer based health insurance in Rhode Island, resulting in increase number of uninsured (13% now – 11th or 12 in country). Medicaid growth has topped off.

2. Uninsured are largely low income, childless adults under 40 who work and are disproportionately self employed. One quarter of uninsured have incomes and family status that would make them eligible for Rite Care.

3. State already spends a lot on health care relative to region.

· Discussion

o These numbers will go up as Deficit Reduction Act measures take place. People will lose Rite Care eligibility.

o Need an individual mandate – perhaps an employer too. Could we start with a high-income mandate. There is legislation by this Office introducing that – would apply to 15,000 Rhode Islanders.

o The uninsured population cannot afford the options out there. Addressing this will require more public money – at time when budget is tight.

o What is wisdom of expanding state obligation without getting at underlying cost drivers? What changes in benefit designs could there

be to lower costs – like reductions or limits in pharmaceutical coverage? Could there be limitations in network – to efficient providers? These are hard to measure.

o Mr. Koller noted that there are many national discussions on this – is employer-based health insurance going to continue to erode, as lower income people drop out, while the rest of the population that can afford it just pays more?

4. Issue:

· Value-Based Benefit Design. Mr. Koller made a presentation to the group about spectrum of products available in commercial health insurance – that range from low cost sharing and broad access to higher cost sharing. When these higher cost-sharing products become too expensive or perceived of as little value, people go uninsured.

· OHIC is working with insurers to develop a wellness health benefit plan (statute passed last year) that attempts to put enrollee incentives in place for five behaviors:

i. Filling out a health risk assessment

ii. Selecting a pcp

iii. Committing to stop smoking

iv. Committing to lose weight if morbidly obese

v. Participating in disease or case management programs if indicated.

– Enrollees who do not do these would have much higher co-payments. In addition, the plans are being directed to identify

preferred provider networks. All these measures are intended to get at underlying cost drivers, based on the affordability principles reviewed by the HIAC last year.

– The product would be available in the small group market and is targeted too lower wage businesses.

– The details are being negotiated now. Mr. Koller reported that the plans have been reluctant to place specific financial values on these behaviors.

– Just as significantly is the behavior in the market – Rhode Islanders have shown a preference for higher premium lower cost sharing plans. This is changing as medical costs rise, but the challenge of engaging enrollees in benefit programs that get at lifestyle decisions remains.

· Discussion

o Mr. Boyd noted the issue is not the long term value of the wellness incentives, but how to estimate their financial contribution in the short run.

o Dr. Brennan talked about the value of primary care and a medical home, and how benefits (and health plan payments) could encourage that. This, Mr. Koller noted, is also consistent with the affordability principles.

o The group had no specific thoughts on improving the marketability of the product – other than the clear sense that price is important.

Next Meeting

March 20, 2007

5 pm DBR Main Hearing Room

Topic: "Public Comment on UHCNE application for extraordinary dividend, in light of statutory obligations identified in OHIC Regulation two, with particular attention to primary care rates and provider claims processing"

Note this meeting will be extended to 7:00 given public comment period.